

The Vehicle Use Tax is imposed on the privilege of using, in this State, any motor vehicle acquired by gift, transfer or purchase. See 86 Ill. Adm. Code 151.101. (This is a GIL.)

June 3, 2008

Dear Xxxxx:

This letter is in response to your letter dated November 21, 2007, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am writing your office for definitive guidance on applying the '\$0' dollar Exemption for Section D, Line 1 on the above captioned form, which I have enclosed for your reference. I contacted the Illinois Department of Revenue via telephone, at the number listed on the form, and the tax supervisor, with whom I spoke, directed me to write your office for a formal opinion on the following matter.

My client, a surviving spouse, would like to transfer the title of two vehicles from her name to her grantor trust. There are no options or checkboxes listed on Form RUT-50 addressing answers to such a grantor trust. The vehicles were received from her husband's estate. The grantor trust is identified by her social security number and not by an FEIN. In our telephone conversation, the tax supervisor believed the amount of tax on the transfer would depend on whether the transferee trust would be identified by her social security number or a separate FEIN. The transfer of the two vehicles from her name to her grantor trust would be, economically, a transfer to herself, which is not considered a taxable transaction. Accordingly, because my client and the grantor trust are both identified by her social security number, my client should qualify for the '\$0' dollar Exemption.

When I asked the tax supervisor where I can find written guidance on this issue, she stated that there was none, and recommended that I write your office for definitive guidance on this issue. Therefore, I request that your office provide me with a letter

stating that my client qualifies for the '\$0' dollar Exemption on Form RUT-50, so that she can then transfer, tax free, the title of the two vehicles from her name to her grantor trust.

Thank you for your time and guidance on this matter. Should you have any questions, please do not hesitate to contact me at the above.

#### **DEPARTMENT'S RESPONSE:**

The Vehicle Use Tax is a tax imposed on the use of motor vehicles acquired by gift, transfer, or purchase. 625 ILCS 5/3-1001 *et seq.* See also 86 Ill. Adm. Code 151.101. An exemption is available when the transfer is a gift to a beneficiary in the administration of an estate and the beneficiary is a surviving spouse.

A trust is a legal entity created by a grantor for the benefit of designated beneficiaries under the laws of the State and pursuant to the trust instrument. A grantor trust is one in which the grantor transfers or conveys property in trust for the grantor's own benefit alone or for the grantor's and another person's benefit. Under the Illinois Vehicle Code, there is no exemption from the Vehicle Use Tax for motor vehicles acquired by trusts through gift, transfer, or purchase. Therefore, the acquisition of a motor vehicle from an individual by a trust, which is a separate legal entity, through gift, transfer, or purchase is a taxable transaction under Section 3-1001 of the Illinois Vehicle Code.

The tax is based on the selling price. In the case of gifts or transfers without reasonable consideration, "selling price" shall be deemed to be the fair market value as determined by the Department or the Department's vendor. 86 Ill. Adm. Code 151.105(h).

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Richard S. Wolters  
Associate Counsel

RSW:msk